

Special Notice to Members

JUNE 19, 2006

SUGGESTED ROUTING

Legal & Compliance
Senior Management

KEY TOPICS

National Adjudicatory Council

GUIDANCE

NAC Nominations

NASD Announces Nomination Procedures for Regional Industry Member Vacancies on the National Adjudicatory Council; **Nomination Deadline: July 17, 2006**

Executive Summary

The purpose of this *Special Notice to Members* is to advise members of the nomination procedures to fill two upcoming vacancies on the National Adjudicatory Council (NAC). The three-year terms of the NAC regional Industry members from the New York and West Regions will expire in January 2007. Exhibit I contains information regarding the NAC regional Industry members whose terms expire in January 2007. Exhibit II contains a list of all 2006 NAC members. The procedures to fill the NAC regional Industry vacancies are outlined in Exhibit III. Also, a Candidate Profile Sheet is included in Exhibit IV.

Nomination Process

Members are encouraged to submit nominations for the upcoming NAC vacancies. To nominate a candidate, members should submit a cover letter and the Candidate Profile Sheet (Exhibit IV) to the Regional Nominating Committee Chair, the NASD Regional or District Director, or the NASD Corporate Secretary (listed in Exhibit I) by **July 17, 2006**.

The completed Candidate Profile Sheets will be provided to the appropriate Regional Nominating Committee for review. On or about **August 23, 2006**, the Regional Nominating Committees will provide NASD members with written notice of the NAC candidates that the Committees propose for nomination to the National Nominating Committee. Pursuant to Article V, Section 5.3(a) of the NASD Regulation By-Laws, the NASD National Nominating Committee shall nominate all candidates for the NAC for subsequent appointment by the Board.

06-29

Questions/Further Information

Questions concerning this *Special Notice* may be directed to the Regional or District Directors listed in Exhibit I, or to Barbara Z. Sweeney, Senior Vice President and Corporate Secretary, NASD at (202) 728-8062 or via e-mail at barbara.sweeney@nasd.com.

National Adjudicatory Council Membership and Function

Membership

The NAC consists of 14 members—seven Industry members and seven Non-Industry members, three of whom are Public. Exhibit II contains a list of all current NAC members. Two Industry members are appointed by the NASD Regulation Board of Directors as at-large members. Five Industry members each represent one of the following geographic regions:

- Midwest Region:** Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin.
- New York:** The counties of Nassau and Suffolk, and the five boroughs of New York City.
- North Region:** Connecticut, Delaware, the District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York (except for the counties of Nassau and Suffolk, and the five boroughs of New York City), Pennsylvania, Rhode Island, Vermont, Virginia and West Virginia.
- South Region:** Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Puerto Rico, the Canal Zone and the Virgin Islands.
- West Region:** Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming and the former U.S. Trust Territories.

We are seeking nominations for the New York and West Regions.

Function

According to the NASD By-Laws, the NAC is authorized to act for the NASD Board of Governors in matters concerning:

- ♦ appeals or reviews of disciplinary proceedings, statutory disqualification proceedings or membership proceedings;
- ♦ the exercise of exemptive authority; and
- ♦ other proceedings or actions authorized by NASD rules.

The NAC also considers and makes recommendations to the Board on enforcement policy and rule changes relating to the business and sales practices of NASD members and associated persons.

EXHIBIT I

NAC Industry Member with a Term Expiring in January 2007

New York Region (District 10)

NAC Incumbent: Judith R. MacDonald

If you are interested in nominating yourself or a colleague to represent the New York Region for a three-year term on the NAC, please submit a cover letter and a completed Candidate Profile Sheet (Exhibit IV) to any of the following individuals by July 17, 2006.

Lon T. Dolber

Regional Nominating Committee Chair

American Portfolios Financial Services
4250 Veterans Memorial Highway
Holbrook, NY 11741

(631) 439-4600
(631) 439-1325 fax

Barbara Z. Sweeney

Senior Vice President and
Corporate Secretary

NASD
1735 K Street, NW
Washington, DC 20006

(202) 728-8062
(202) 728-8075 fax

Hans L. Reich

Regional Director, District 10

One Liberty Plaza
165 Broadway
New York, NY 10006

(212) 858-4000
(212) 858-4078 fax

NAC Industry Member with a Term Expiring in January 2007

West Region (Districts 1, 2 and 3)

NAC Incumbent: Neal E. Nakagiri

If you are interested in nominating yourself or a colleague to represent the West Region for a three-year term on the NAC, please submit a cover letter and a completed Candidate Profile Sheet (Exhibit IV) to any of the following individuals by July 17, 2006.

Arlene M. Wilson

Regional Nominating Committee Chair

D.A. Davidson & Co.
8 Third Street North
Great Falls, MT 59401

(406) 791-7456
(406) 268-3045 fax

Joseph M. McCarthy

District Director, District 3 (Denver)

370 17th Street
Suite 2900
Denver, CO 80202-5629

(303) 446-3100
(303) 620-9450 fax

Elizabeth P. Owens

Regional Director, District 1

525 Market Street
Suite 300
San Francisco, CA 94105-2711

(415) 882-1200
(415) 546-6991 fax

James G. Dawson

District Director, District 3 (Seattle)

601 Union Street
Suite 1616
Seattle, WA 98101-2327

(206) 624-0790
(206) 623-2518 fax

Lani M. Sen Woltmann

District Director, District 2

300 South Grand Avenue
Suite 1600
Los Angeles, CA 90071-3126

(213) 229-2300
(213) 617-3156 fax

Barbara Z. Sweeney

Senior Vice President and
Corporate Secretary

NASD
1735 K Street, NW
Washington, DC 20006

(202) 728-8062
(202) 728-8075 fax

EXHIBIT II

2006 National Adjudicatory Council

Judith R. MacDonald, Chair	Rothschild, Inc.
Constance E. Bagley	Harvard Business School
Jayne W. Barnard	College of William and Mary, Marshall-Wythe School of Law
Stephanie L. Brown	LPL Financial Services
Thomas Donaldson	University of Pennsylvania, Wharton School of Business
W. Dennis Ferguson	Sterne Agee Clearing
Kathleen M. Hagerty	Northwestern University, Kellogg School of Management
Timothy Henahan	Baker & Co., Inc.
David M. Levine	Deutsche Bank AG
Harold O. Levy	Kaplan, Inc.
Neal E. Nakagiri	NPB Financial Group, LLC
James M. Rogers	J.J.B. Hilliard, W.L. Lyons, Inc.
William Wang	University of California, Hastings College of the Law
Samuel Wolff	Akin Gump Strauss Hauer & Feld LLP

EXHIBIT III

National Adjudicatory Council Nomination Procedures

1. NASD maintains Regional Nominating Committees in the manner specified in Article VI of the NASD Regulation By-Laws.
2. Members located in the New York and West Regions are hereby notified of the upcoming election of members to the National Adjudicatory Council and are encouraged to submit names of potential candidates to the Chair of the Regional Nominating Committee, NASD Regional or District Directors, or the NASD Corporate Secretary, Barbara Z. Sweeney (see Exhibit I) by **July 17, 2006**.
3. Nominees will be asked to complete a Candidate Profile Sheet, which will be reviewed by the appropriate Regional Nominating Committee.
4. The Regional Nominating Committee shall review the background of the candidates and the description of the NASD membership provided by NASD staff and shall propose to the National Nominating Committee one or more candidates for the National Adjudicatory Council. In proposing a candidate for nomination, the Regional Nominating Committee shall endeavor to secure appropriate and fair representation of the region.
5. On or about **August 23, 2006**, the Regional Nominating Committee shall notify in writing the Executive Representatives and branch offices of the NASD members in the region of the name of the candidate or candidates it will propose to the National Nominating Committee for the National Adjudicatory Council.
6. If an officer, director or employee of an NASD member in the region is not proposed for nomination by the Regional Nominating Committee and wants to seek the nomination, he or she shall send a written notice to the Regional Nominating Committee Chair or the Secretary of NASD within 14 calendar days after the mailing date of the Regional Nominating Committee's notice (#5 above) and proceed in accordance with the Contested Nomination Procedures found in Article VI of the NASD Regulation By-Laws.
7. If no additional candidate comes forward within 14 calendar days, the Regional Nominating Committees shall certify their candidates to the National Nominating Committee. Additional information pertaining to the National Adjudicatory Council Election Procedures can be found in Article VI of the NASD Regulation By-Laws. The By-Laws can be found in the online *NASD Manual* at www.nasd.com.

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EXHIBIT IV

Candidate Profile Sheet

Date: / /

Current Registration

Name: _____ CRD#: _____

Firm: _____ #RRs at Firm: _____

Title/Primary Responsibility: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____

Email: _____

Prior Registration (List the most recent first. Feel free to include extra pages if necessary.)

Firm: _____

Title/Primary Responsibility: _____

Firm: _____

Title/Primary Responsibility: _____

General Areas of Expertise (please check all that apply)

- ☐ Compliance/Legal
- ☐ Corporate Finance
- ☐ Financial/Operational
- ☐ Institutional Sales
- ☐ Investment Advisory
- ☐ Retail Sales
- ☐ Trading/Market Making
- ☐ Other

Product Expertise (please check all that apply)

- ☐ Corporate Bonds
- ☐ Direct Participation Programs
- ☐ Equity Securities
- ☐ Municipal/Government Securities
- ☐ Investment Company
- ☐ Options
- ☐ Variable Contracts Securities
- ☐ Other

Memberships/Positions Held in Trade or Business Organizations

Past NASD Experience and Dates of Service (please check all that apply)

☐ Committee Member (Identify committee: _____) Approx. Dates: _____

☐ Arbitrator Approx. Dates: _____

☐ Mediator Approx. Dates: _____

☐ Expert Witness (arbitrations; disciplinary proceedings): _____ Approx. Dates: _____

☐ Other: _____ Approx. Dates: _____

Educational Background

School: _____ Degree: _____

School: _____ Degree: _____